

**No new taxes. No hurtful cuts. No bailout.
We already have billions in savings set aside.
*This is what we've been saving for.***

Fact Sheet: The Constitutional *Rainy Day* Amendment

Amendment No. 1, General Election, Nov. 4, 2008

- **The bipartisan Rainy Day Amendment is the long-term, no-new-taxes solution to the state's chronic problem of roller-coaster revenues that swing radically with the economy's ups and downs, and threaten to set back Alabama's unprecedented progress and success.** By establishing an emergency savings account, it will bring stability to the budgets for education and state services and protect Alabama's progress.
 - The Rainy Day Amendment expands the existing Education Trust Fund (ETF) Rainy Day Account to fully protect all services and programs funded from the ETF. It also creates a General Fund Rainy Day Account to protect health care, law enforcement, and services for children and seniors. The Rainy Day Accounts are funded from the huge savings (\$3.4 billion) already set aside in the Alabama Trust Fund.
 - During economic downturns, the Rainy Day Amendment will prevent harmful cuts to health care, job training, law enforcement, and classroom programs that are finally improving student achievement across the board (programs like the Alabama Reading Initiative, the Math & Science Technology Initiative, ACCESS distance learning, First Class Pre-K, and Advanced Placement expansion).
 - In years of strong growth, it will check the temptation in Montgomery to overspend because the Constitution will mandate that we replenish our savings from new money before we spend it.
- **No New Taxes.** Every time the economy takes a dip, we are faced with the threat of proration. When that happens, some in Montgomery invariably start looking for ways to raise taxes when we don't have to. The Rainy Day Amendment is the no-new-taxes alternative because it allows us to rely on our savings, rather than raise taxes, to protect education and vital state services from drastic cuts in a struggling economy. **And we replenish the savings out of future growth, not new taxes.**
- **No Borrowing, No Bailout.** While other states, like California, are asking the federal government for billion-dollar bailouts, Alabama doesn't have to borrow one penny. That's because we already have over \$3.3 billion in savings set aside in the Alabama Trust Fund (ATF). The ATF is a savings account funded *not by taxpayer dollars*, but by royalties (*i.e.* profits) the state receives from big oil companies producing oil and gas in Alabama's coastal waters. **The Rainy Day Amendment will allow us to access a small share of these huge profits to prevent cuts, so we don't have to spend more of the taxpayers' money.**
- **It's Fiscally Responsible and We've Proven it Works.** Under the Rainy Day Amendment, the Constitution will mandate that any savings we access today will be replenished out of future economic growth within a set timeframe. The last time we used savings in the ATF to avert proration in 2003, we replenished the funds a year earlier than required, and the ATF actually *grew* by more than a *billion dollars*.
 - If proration occurs, the Rainy Day Accounts will be funded in the amount necessary to prevent cuts, up to a specified maximum based on the prior year's appropriations (10% for GF, 6.5% for ETF), *less any prior transfers*.
 - Temporary transfers to the Rainy Day Accounts must be returned to the ATF over 10 years for the GF and 6 years for the ETF. This is Constitutionally mandated, so that savings will be replenished before new money is spent.

Vote YES for the Rainy Day Amendment!